

# FISCAL NOTE

## HB 3435 - SB 3366

February 19, 2004

**SUMMARY OF BILL:** Deletes from telecommunications law the term "county" and substitutes the term "local access and transport area (LATA)", resulting in telephone companies not being able to charge for any calls within a single local access and transport area.

### ESTIMATED FISCAL IMPACT:

**Decrease State Revenues - Net - \$1,968,750**

**Decrease Local Govt. Revenues - Net - \$703,000**

Estimate assumes:

- These services are taxed by the state at 7% and by local government at 2.4%.
- A tax base of \$37.5 million.
- State sales tax collections on these services currently total \$2,625,000 and local tax collections currently total \$937,500.
- Elimination of most intra-Local Access and Transport Area (LATA) long distance charges with the exception of a few counties, which are bisected by LATA boundaries. These counties, which are now toll-free calling areas, would become subject to long distance charges. The new long distance fees in these counties would generate sales taxes to offset the losses from the elimination of intra-LATA long distance charges. The total reduction in state and local sales tax collections is offset by what is assumed to be a 25% increase in revenue due to new taxes collected in these counties.

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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